



General Assembly

January Session, 2011

Raised Bill No. 1078

LCO No. 3669

03669_____BA_

Referred to Committee on Banks

Introduced by:

(BA)

AN ACT ENHANCING COMMUNITY BANK COMPETITIVENESS AND FRAUD PREVENTION ON CERTAIN PRODUCTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2011*) (a) As used in this
2 section, "general-use prepaid card" has the same meaning given to that
3 term in 12 CFR Section 205.20(a)(3), as from time to time amended.

4 (b) A general-use prepaid card shall not include an expiration date
5 relative to the underlying funds that are redeemable through the use of
6 the applicable card, code or device. Notwithstanding the provisions of
7 this subsection, a general-use prepaid card may include an expiration
8 date with regard to such card, code or device, provided: (1) The
9 following disclosures are made, in writing, with equal prominence and
10 in close proximity to the expiration date on such card, code or device:
11 (A) That such card, code or device expires, but that the underlying
12 funds do not expire and that the consumer may contact the issuer for a
13 replacement card, code or device; and (B) a toll-free telephone number
14 and an Internet web site address, if one is maintained, that a holder of
15 a general-use prepaid card may use to obtain a replacement card, code
16 or device after such card, code or device expires; (2) no fee or charge is

17 imposed on such holder for replacing the card, code or device or for
18 providing such holder with the remaining balance in some other
19 manner, provided the card, code or device has not been lost or stolen;
20 and (3) the seller of the card, code or device has established policies
21 and procedures to provide consumers a reasonable opportunity to
22 purchase a card, code or device that has not less than five years
23 remaining until the card, code or device expiration date expires.

24 (c) For purposes of complying with the disclosure requirements of
25 subdivision (1) of subsection (b) of this section, the issuer of the
26 general-use prepaid card may provide disclosures that are consistent
27 with the applicable provisions of 12 CFR 205.20(e), as from time to
28 time amended.

29 Sec. 2. Subdivision (5) of section 3-56a of the general statutes is
30 repealed and the following is substituted in lieu thereof (*Effective*
31 *October 1, 2011*):

32 (5) "Gift certificate" means a record evidencing a promise, made for
33 consideration, by the seller or issuer of the record that goods or
34 services will be provided to the owner of the record to the value shown
35 in the record and includes, but is not limited to, a record that contains
36 a microprocessor chip, magnetic stripe or other means for the storage
37 of information that is prefunded and for which the value is
38 decremented upon each use, a gift card, an electronic gift card, stored-
39 value card or certificate, a store card, or a similar record or card, but
40 "gift certificate" does not include prepaid calling cards regulated under
41 section 42-370, [or] prepaid commercial mobile radio services, as
42 defined in 47 C.F.R. Sec. 20.3 or general-use prepaid cards, as defined
43 in section 1 of this act;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	New section
Sec. 2	<i>October 1, 2011</i>	3-56a(5)

Statement of Purpose:

To permit community banks to offer open-loop gift cards and to reduce potential fraud by allowing expiration dates on such gift cards while preserving the underlying funds indefinitely.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]